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SUBJECT: CHIQUITA ESTABLISHES MOZAMBIQUE AS AFRICA  
HEADQUARTERS

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11. (SBU) This is a retransmission of Maputo 1157, which previously did not reach all addressees. This cable is Sensitive but Unclassified (SBU), and contains business sensitive information that is not for distribution outside of the USG.

12. (SBU) Summary: Eager to access opportunities created by the European Union's preferential access programs, Chiquita is investing in Africa via a risk management approach that focuses on technical assistance to local banana growers while limiting capital investment. Chiquita's decision to locate its African headquarters in Maputo was based on Mozambique's significant potential and strategic location able to reach both European and Middle Eastern markets. Chiquita's influx of technical assistance will give a major boost to commercial agriculture in Mozambique. Chiquita currently has operations/partnerships in Ivory Coast, Ghana and Mozambique and is investigating possible investments partnerships in Cameroon, Sierra Leone and Angola. End Summary.

Chiquita Expanding in Africa  
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13. (SBU) General Manager (GM) for Chiquita's operations in Africa Mark Oakley told Econoff that as a result of the European Union's (EU) African, Caribbean and Pacific (ACP) and Anything But Arms (ABA) programs, Chiquita made a decision to start looking seriously at banana and other product production in Africa for the European market. After examining Mozambique in greater detail, Chiquita realized that there is also significant opportunity for the Mediterranean and Middle Eastern markets given Mozambique's strategic location. Chiquita currently has a small operation in Ivory Coast and partnerships in Ghana and Mozambique. The company is investigating possible investments and partnerships in Cameroon, Sierra Leone and Angola. Interestingly, although Chiquita seriously considered South Africa for its African headquarters, it decided on Maputo since it will have significant operations in Mozambique and flights to Johannesburg are easy to obtain.

¶4. (SBU) Chiquita made a strategic decision to invest in Africa differently than it has invested in Latin America. Specifically, the company will not invest directly in land or cultivation, but will be putting capital resources in technical assistance, innovation and marketing. What this means practically is that Chiquita partners with a local investor who buys/leases the land and invests capital in infrastructure and production, while Chiquita provides significant technical assistance and purchases the resulting product.

¶5. (SBU) In Mozambique, Chiquita is partnered with Matanuska Ltd., which is held by Rift Valley Holdings (RVH), a primarily Zimbabwean company with some additional European investors. Chiquita will establish its African headquarters with a General Manager for Africa and technical staff (production, infrastructure development, water management, irrigation, quality control and human resources) and will manage but outsource logistics. (Note: Chiquita has already met with Fernando Couto, an investor in the OPIC-backed CDN Port of Nacala concession. Chiquita believes it will be necessary to construct cold storage facilities and is interested in financing opportunities, including OPIC and ExIm. End Note.) Matanuska currently has a land concession for 6,000 hectares. Banana planting will commence with 3,000 hectares after the next rainy season (February/March 2008) with first production and shipping expected in early 2009. With 3,000 hectares in production Chiquita anticipates sending one vessel per week to load bananas at the port of Nacala.

Beyond Bananas

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¶6. (SBU) Chiquita would also like to get involved in additional projects in Mozambique and has begun preliminary discussions with TechnoServe to explore ideas and implementation strategies. The General Manager believes these projects will include support for small growers, although in the banana industry that means at least 50 hectares or more, with a focus on specialty bananas and plantains. Chiquita is also interested in a variety of other exotic, tropical fruit production for the specialty markets. The primary market for these products remains the EU because of logistical limitations and product shelf life. Chiquita has also stressed to Matanuska the importance of training and health programs and expects to partner with Matanuska, local NGOs and possibly USAID on various projects in these areas.

¶7. (SBU) Comment: Chiquita is making a big bet on Africa in hopes to satisfy growing demands in the EU and Middle Eastern markets. If Chiquita and its partners are able to produce tropical fruits that meet international standards, it will significantly boost commercial farming operations in Mozambique. We understand that Dole Foods is already making inquiries as only 12 percent of Mozambique's arable land is presently under cultivation. Chiquita's innovative approach to investment in Africa, with limited capital risk and a focus on technical assistance and marketing, may provide a roadmap for other American companies interested in opportunities in the agriculture sector. End Comment.

Chapman